NECA NATIONAL EXCHANGE CARRIER ASSOCIATION INC

100 South Jefferson Road
Whippany, New Jersey 07981
201/884-8160

ORIGINAL FILE

RECEIVED

Joanne S. Bochis
Attorney

SEP 28 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 28, 1992

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation

CC Docket No. 92-135

Dear Ms. Searcy:

Enclosed herewith for filing with the Commission are the original and five copies of the National Exchange Carrier Association, Inc.'s Reply Comments in the above-captioned matter.

Please acknowledge receipt hereof by affixing a notation on the duplicate copy of this letter furnished herewith for such purposes and remitting same to bearer.

Very truly yours,

Joanne S. Bochis

Joanne S. Bochis

JSB/bas
enclosures

No. of Copies rec'd 0+5
List ABCDE

RECEIVED

SEP 28 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:	)	
	)	
Regulatory Reform for	)	
Local Exchange Carriers	)	CC Docket No. 92-135
Subject to Rate of Return	)	
Regulation	)	

REPLY COMMENTS OF THE
NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

Joanne Salvatore Bochis
Associate General Counsel
100 S. Jefferson Road
Whippany, NJ 07981
(201) 884-8160

Anita Hall-Kane
Manager - Regulatory
(201) 884-8466

September 28, 1992

SUMMARY

The National Exchange Carrier Association, Inc. (NECA) is submitting these Reply Comments in response to the Commission's Notice of Proposed Rulemaking in CC Docket No. 92-135, Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation. In this Reply, NECA supports the Commission's regulatory reform efforts for traditional rate of return carriers. Comments to the Commission's notice demonstrate that the Commission should allow exchange carriers, including those in NECA's pools, to retain the ability of filing comprehensive annual tariff filings based on prospective revenue requirements and demand. The filing of historical biennial access tariff filings on an optional basis is also desirable.

NECA agrees with the commenting parties that new service offerings under traditional rate of return regulation should be streamlined using a two percent revenue test at the total interstate access revenue level. Several commenters endorse, as did NECA, the use of a 100 basis points buffer zone for total interstate access earnings for traditional rate of return carriers.

In these reply comments, NECA also supports those parties that call for merger and acquisition rule changes to reduce burdensome requirements that would apply to transactions involving traditional rate of return carriers and carriers participating in an optional incentive plan.

Commenting parties support the idea of NECA developing optional incentive plans for the pools and the option for exchange

carriers under 10,000 lines to have a continuing opportunity to elect average schedule status.

NECA opposes MCI's unsubstantiated comments concerning the Universal Service Fund and requests that the Commission not consider them since they are beyond the scope of this proceeding. Finally, NECA requests that the Commission adopt the provisions in NECA's original comments on regulatory reform for traditional rate of return carriers.

TABLE OF CONTENTS

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of: Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation	)	CC Docket No. 92-135

REPLY COMMENTS

The National Exchange Carrier Association, Inc. (NECA) submits these Reply Comments in response to the Commission's Notice of Proposed Rulemaking in the above captioned proceeding.[1] NECA is a not-for-profit, membership association, serving over 1400 local exchange carrier study areas.[2] Many of these study areas participate in the NECA Common Line and Traffic Sensitive Pools, which remain subject to traditional rate of return regulation.

I. BACKGROUND

On August 28, 1992, NECA and 20 other parties filed Comments on the Commission's Notice which seeks to bring regulatory reform to exchange carriers (ECs) not subject to price cap regulation.[3]

---

[1] Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, Notice of Proposed Rulemaking, CC Docket No. 92-135, 7 FCC Rcd 5023 (1992) (Notice).

[2] NECA members include all local exchange carriers in the United States, Puerto Rico and the U.S. Virgin Islands.

[3] See Appendix A for a list of all commenting parties and the abbreviated references used throughout this filing.

As the Notice observes, some 94 percent of the industry revenue requirements are subject to price cap regulation. The remaining six percent, comprised of smaller companies serving less dense territories but responsible for a large portion of the nation's geographical area, continue to rely on the Commission's regulations addressed in this proceeding.

NECA's Comments demonstrated that the NECA pools must retain the ability to file annual comprehensive tariff filings based on prospective revenue requirements and demand. NECA's analysis showed that use of purely historical data or year-over-year growth-trended historical data, will not produce compensatory rates for NECA pool participants.[4]

While NECA must be able to file annual comprehensive tariff filings using prospective data, NECA also supports the Commission's goal to reduce the level of detail required in these filings. NECA's Comments recommended several ways for the Commission to reduce the administrative burdens for all carriers remaining under traditional rate of return regulation. These recommendations include extending the application of the proposed two-percent de minimis standard for streamlined filings to existing tariff rates as well as to new service introductions (See Section II.B of NECA's Comments) and permitting small telephone companies with fewer than 10,000 access lines to have the option of converting to average schedule status. This latter proposal would reduce these companies' financial and administrative burdens associated with

[4] See NECA's Comments at pp. 6-7.

detailed cost separations studies (See Section VI of NECA's Comments).

NECA also recommended that pricing flexibility rules proposed for the optional incentive plan should be extended to carriers remaining under traditional rate of return regulation; that the Commission should adopt NECA's proposed Part 69 rule revisions which would permit optional incentive plans for the pools; that ECs electing any of the Commission's optional incentive plans should be allowed exogenous-like treatment of their Long Term Support obligations; and that the Commission should adopt NECA's proposed Part 69 rule revisions which would accurately reflect pool settlements procedures in place since the beginning of access.[5]

In this Reply, NECA acknowledges extensive support by other commenters for its proposals and addresses MCI's untimely and inaccurate arguments regarding the Universal Service Fund.

II. COMMENTERS SUPPORT REFORM OF TRADITIONAL RATE OF RETURN REGULATION.

II.A. The Overwhelming Majority of Commenters Agree That ECs Must Retain the Ability to File Annual Comprehensive Tariffs Using Prospective Revenue Requirements and Demand.

Nearly every commenter in this proceeding stated that ECs remaining under traditional rate of return regulation must have the ability to file comprehensive tariffs on an annual basis which are

---

[5] Commenters may address NECA's request for rule changes reflecting settlement methods in this current reply comment cycle. NECA's Comments at Section VII state NECA's belief that the actual settlement methods used under waiver since 1984 should be accurately reflected in the rules. No parties will be harmed by these rule changes.

based upon prospective revenue requirements and demand.[6] For example, Centel applauded the Commission's efforts to reduce regulatory burdens on ECs, but also stated "[r]egulatory reform should reduce administrative burdens, not impose financial losses on LECs".[7] Like NECA, Centel's analyses revealed it would not achieve earnings at authorized levels if its comprehensive access tariff filings were made on a biennial basis using historical data.[8] USTA, representing approximately 1,100 ECs, stated "[t]he Commission should under no circumstances abandon baseline regulation's reliance on prospective costs as the principal support for rate-of-return tariff filings"[9] and that carriers "must retain the right to file their access tariffs for a one-year period".[10] The Independent Telephone Access Group (ITAG) representing 12 small and medium-size independent telephone companies, stated "[s]imple extrapolations of historical costs or reliance on historical costs is unlikely to produce rates reflective of future costs in the current telecommunications environment".[11]

Only AT&T states that biennial filings should be adopted

---

[6] See ALLTEL at p. 8; Centel at p. 10; CBT at p. 16; GVNW at p. 5; ITAG at 10; Lincoln at p. 8; NTCA at p. 12; PRTC at p. 9; JSI at p. 13; TCA at p. 11; SBA at p. 21; and USTA at p. 29. See also NECA at 5.

[7] Centel at p. 11.

[8] Id.

[9] USTA at p. 31.

[10] Id. at p. 34.

[11] ITAG at p. 10.

because "[a]nnual filings are not necessary for the small LECs that choose to remain under rate of return regulation" and because "biennial filings will reduce administrative cost".[12] AT&T further states that these biennial filings should be based on historical data because the "data are ascertainable and verifiable and basing projections on extrapolations of historical trends is a straightforward and consistent forecasting methodology."[13]

NECA agrees with AT&T that the use of historical data and trends in ratemaking is important. NECA disagrees, however, that historical data should be required as the sole basis for establishing compensatory prospective rates. An important component of ratemaking is consideration of current factors such as technological advances and FCC rule changes. AT&T fails to explain why the current procedures are inadequate or why they should be eliminated. It similarly does not balance potential administrative savings against the ratemaking imprecision that would result from the single use of historical data.

NECA's Comments demonstrated that if purely historical data had been used for ratemaking in 1991, the NECA Traffic Sensitive Pool would have underearned by over 100 basis points below the prescribed rate of return. If year-over-year trended growth data were used for ratemaking in 1991, the Traffic Sensitive Pool would have underearned by approximately 125 basis points below the

---

[12] AT&T at p. 9.

[13] Id.

authorized level.[14] NECA also provided several other reasons why use of historical data on a biennial basis would not be sufficient for small companies. These reasons included network changes, switch software modifications, numbering plan and accounting standard changes, average schedule filings, pool election changes, earnings erosion and changes in demand trends.[15]

It is abundantly clear from NECA's Comments, and the comments of most other parties,[16] that ECs remaining under traditional rate of return regulation must retain the ability to file annual comprehensive tariff filings based on prospective revenue requirements and demand. As NECA stated in its Comments at 5, the Commission's proposed methodology may be attractive for some companies and should be allowed as an option; but this methodology will not produce compensatory rates for NECA pool members.

Section 203(a) of the Communications Act (47 U.S.C. § 203(a)) requires carriers to file tariffs but does not prescribe the filing frequency. It was not until the access charge era that the Commission promulgated tariff filing date rules. The Commission, therefore, has no statutory obligation to prescribe tariff filing periods. Options should be provided to carriers so that the most efficient and least burdensome practices may be adopted. For ECs remaining under traditional rate of return regulation, a mandatory biennial tariff filing period would cause severe underearnings and

---

[14] See NECA's Comments at Section II.A.

[15] See NECA at pp. 6 - 9.

[16] See note 6 supra.

result in increased administrative burdens in filing and supporting mid-course corrections.

The Commission should also give companies the latitude to develop forecasts that reflect individual company requirements. No need exists for the Commission to prescribe specific methods of forecasting. This latitude imposes no risk on the ratepayer because carriers continue to be subject to the Section 61.38 (47 C.F.R. § 61.38) cost support rules.

NECA requests the Commission to explicitly state in its final order that ECs subject to traditional rate of return regulation, particularly those in the NECA pools, shall retain the ability to file annual comprehensive tariff filings based upon prospective revenue requirements and demand.

II.B. Commenters and NECA Agree that New Service Offerings Under Traditional Rate of Return Regulation Should be Streamlined.

Several commenters reflected NECA's position that it would be in the public interest to streamline the introduction of new tariff service offerings.[17] ALLTEL agrees and states that the proposed streamlined procedures for new service introductions will allow their companies, under traditional rate of return regulation, to

---

[17] See NECA's Comments at Section II.B. NECA also stated that further benefits would accrue were existing de minimis tariff offerings for traditional rate of return ECs eligible for streamlined treatment. Further, NECA proposed that in each annual filing, NECA rates meeting the two-percent revenue threshold could continue unchanged for the subsequent tariff period. NECA also requested that the Commission clarify that the two-percent revenue test refers to two percent of total interstate access revenues, not total annual operating revenue as specified in the Notice at ¶ 18.

offer many of the same or similar new services as the BOCs in their suburban and rural serving territories.[18] In addition, Tallon Cheeseman and Associates (TCA) states "[o]ften, small companies will have the technical capability to provide a service and customers will want the service, but it is unduly burdensome to develop rates and tariffs, and obtain regulatory approval".[19]

The United States Small Business Administration (SBA) argues that the Commission's new service proposal should be modified. SBA states that the Notice requirement of pricing a new service at a neighboring EC's rate level "may make it impossible [for a small EC] to achieve the economies of size and scale needed to match the rate of a neighboring EC".[20] SBA recommends that traditional rate of return carriers should be able to base their new service rates on rates for the same service offered by similarly situated ECs (in terms of location, customer base, and population density) even if that rate exceeds a neighboring rate or the highest price cap carrier rate.[21]

NECA concurs with these commenters and in its Comments offered modifications to the Commission's new service procedures targeted to address these same concerns. NECA recommended that it should have the option of filing new service rates based on an average ratio of price cap carrier's element to subelement rates applied to

---

[18] See ALLTEL at p. 9.

[19] TCA at p. 13.

[20] SBA at p. 22.

[21] Id.

the cost justified pool element rate, or, in the alternative, to file rates at a level not to exceed the highest price cap carrier's rate for the same service.[22] The rate levels of small and mid-size ECs in the NECA pools are typically much higher than those of price cap carriers. Therefore, as SBA argues, it is logical that even the highest price cap carrier rate may not generate sufficient revenue to offset the associated cost for a new service. For this reason, NECA requests the option of filing new service rates based on an average ratio methodology.[23]

Under this methodology, NECA would first aggregate individual price cap EC rates and demand to develop national average price cap EC rates.[24] Next, the subelement national average price cap rate would be divided by the element national average price cap rate to develop the average price cap EC ratio. Finally, this average ratio would be multiplied by NECA's cost-justified element rate to

---

[22] See NECA's Comments at p. 11 for an example of how the proposed ratio would work.

[23] GVNW at p. 3 also suggested that NECA's tariff rate for a similar service should serve as the new service ratesetting standard for ECs filing tariffs under the optional incentive plan. This suggestion further amplifies the need for an applicable standard that may be above the highest price cap carrier rate.

[24] These national average price cap EC rate calculations would be similar to the current rules governing development of the national average carrier common line rates. See 47 C.F.R. sec. 69.105(b)(2)ii.

develop the new service subelement rate.[25] Without this average ratio approach most remaining rate of return ECs will be precluded from the streamlined filing procedures.

II.C. Commenters and NECA Agree that 100 Basis Points Above Total Interstate Access Earnings Should Serve as the Earnings Buffer Zone for Carriers Under Traditional Rate of Return Regulation.

A number of Commenters urged the Commission to modify its Part 65 rules as they pertain to interstate access earnings for carriers subject to traditional rate of return regulation. Centel and USTA suggest that the earnings buffer zone for rate of return carriers should be increased to 100 basis points over the authorized rate of return.[26] CBT recommends the single unitary rate of return should continue to be prescribed for the EC industry as a whole, and that rate of return carriers' earnings performance should be monitored at a total interstate access level.[27]

NECA supports these EC Comments. In the Commission's interstate rate of return represcription proceeding, NECA provided a sound rationale to support applying the authorized rate of return on a total interstate access basis for traditional rate of return

---

[25] As stated in note 17 _supra_, NECA's Comments also proposed extending these streamlined procedures for new services to existing _de minimis_ rate elements. This would significantly reduce the administrative burdens on rate of return ECs associated with current requirements for detailed cost of service studies to maintain existing service rates that produce relatively minor revenues.

[26] _See_ Centel at p. 11 and USTA at p. 35.

[27] _See_ CBT at p. 18.

carriers, to support adopting a 100 basis point buffer zone for earnings compliance, and to continue the longstanding Commission practice of prescribing the unitary rate of return for the exchange carrier industry.[28]

II.D. NECA Supports Proposals to Modify the Commission's Part 69 Merger and Acquisition Rules.

Commenters propose that the Commission modify its merger and acquisition rules. Most parties express concern that the present requirements will be unduly burdensome in the case of a merger or acquisition of an EC (exchange or study area) participating in an optional incentive plan by a traditional rate of return EC and visa versa.[29]

NTCA states that "non-incentive plan carriers that acquire incentive plan carriers or portions of incentive plan carriers should be allowed to retain non-incentive plan status for the resulting entity, without waiver, subject to the restriction that the access lines to be reverted [to the NECA pools] are less than 50,000".[30] OPASTCO "believes that if a small non-incentive LEC acquires an incentive plan exchange that it should be able to merge without petitioning the FCC unless the FCC shows why such a merger

---

[28] _See_ NECA's Comments in CC Docket No. 92-133 filed September 11, 1992 at Section IV.B and C.

[29] _See_ ALLTEL at p. 9; NTCA at p. 14; OPASTCO at p. 9; JSI at p. 14; and SBA at p. 23.

[30] NTCA at p. 15.

is against the public interest".[31] Further, the SBA "recommends that the Commission permit a merger of exchanges by baseline carriers without prior approval. The FCC would be authorized to prevent that merger but only after it carried the heavy burden of demonstrating that the merger was antithetical to the public interest".[32]

NECA concurs with these parties. NECA supports extension of the current Part 69 merger and acquisition rules (47 C.F.R. §69.3(g)) to mergers and acquisitions involving traditional rate of return ECs and optional incentive plan ECs.[33] Current rules permit the net addition of not greater than 50,000 access lines to NECA's Common Line Pool without prior Commission approval. As previously stated, it is NECA's belief that "[t]he burden of filing a waiver request, and the uncertainty and delay associated with awaiting Commission approval, could very possibly become a deterrent to an otherwise bona-fide business transaction".[34] Furthermore, adoption

---

[31] OPASTCO at p. 10

[32] US SBA at p. 24.

[33] Regarding ECs seeking to re-enter the Common Line Pool that are not involved in a merger or acquisition, NECA's Comments at note 30 supported a proposal in USTA's July 29, 1992 Ex Parte filing. In this Ex Parte, USTA proposes that carriers with less than 50,000 access lines may re-enter the Common Line Pool as long as these carriers are required to maintain their LTS obligations. Carrier Common Line rates for ECs that return to the Common Line Pool would contain an additive to reflect their Long Term Support obligation. See USTA Ex Parte Letter in CC Docket No. 92-135 filed by Linda Kent on July 29, 1992.

[34] See Joint Comments of the National Rural Telecom Association, National Telephone Cooperative Association, Organization for the Protection and Advancement of Small Telephone Companies, United States Telephone Association and the National

of an overly restrictive rule that necessitates numerous waiver requests is inconsistent with the Commission's intent of reducing regulatory burdens on small and mid-size ECs.

III. COMMENTERS OFFER ENCOURAGEMENT FOR NECA TO INVESTIGATE OPTIONAL INCENTIVE PLANS FOR THE POOLS.

NECA's Comments proposed Part 69 rule language to enable NECA to introduce optional incentive plans within the pools.[35] Other parties also encouraged the Commission to grant NECA the flexibility to develop optional incentive plans for the pools.[36] No Commenters opposed a general rule allowing development of optional incentive plans for the NECA pools nor were specific details for optional incentive plans for the pools offered.[37]

The support for the development of optional incentive plans within the NECA pools warrants the Commission's adoption of NECA's proposed Part 69 rule.

Exchange Carrier Association, in CC Docket No. 89-2, filed February 16, 1989 at p. 11. (Continued from p. 12.)

[35] See NECA's Comments, Appendix A at §69.607.

[36] See ALLTEL at p. 10; GVNW at p. 6; and NTCA at p. 13. See also Ronan's Comments proposing an optional incentive regulation plan for average schedule companies.

[37] Ronan's Comments propose optional incentive regulation for average schedules, but did not provide sufficient detail for NECA to evaluate at this time.

IV. COMMENTERS SUPPORT ALLOWING SMALL TELEPHONE COMPANIES TO CHOOSE AVERAGE SCHEDULE STATUS.

In the spirit of this proceeding's goal of reduced regulatory burdens on small and mid-size ECs, NECA's Comments suggested that the Commission permit small telephone companies a continuing option to elect average schedule status.[38] By allowing this option, the Commission would relieve small companies and their ratepayers of the financial and administrative burden of conducting detailed cost separations studies.

NECA proposed that ECs having fewer than 10,000 access lines should have the option of electing average schedule status this December 31st, to become effective July 1, 1993.[39] NECA also proposed a reasonable time constraint that prevents frequent conversions back and forth between cost and average schedule status. NECA recommended that any average schedule company electing to convert to cost settlements after the initial implementation opportunity should not be allowed to convert back to average schedule status for four years.

Concurrent with NECA's suggestion, three commenters also proposed that small ECs should have the option of considering average schedule status.[40] NECA continues to believe the public interest would be served if qualified small ECs were able to have

---

[38] See NECA's Comments at Section VI.

[39] As stated in NECA's Comments at note 34, implementation dates will depend on the timing of the Commission's final order.

[40] See NTCA at p. 14, OPASTCO at p. 9, and TCA at p. 14.

the option of operating under interstate average schedule status.

V. MCI's COMMENTS REGARDING THE UNIVERSAL SERVICE FUND ARE INCORRECT AND BEYOND THE SCOPE OF THIS PROCEEDING.

In its Comments, MCI claims that "in order for the Commission's incentive regulatory plan to accomplish its goal of promoting economic efficiency, USF revenues should be accounted for and capped".[41] Additionally MCI states "[a]s long as this major revenue source remains uncapped and is permitted to continue out of control, the small LECs will have little incentive to control their common line costs and increase efficiency because earnings shortfalls could simply be made up through USF increases".[42]

MCI's assertions are not germane to this proceeding and should not be considered. In addition, MCI's statements about the Universal Service Fund (USF) are incorrect. NECA has repeatedly addressed and refuted MCI's unsubstantiated claims.[43] For example, MCI's claim that the USF program offers no incentive for ECs to control costs ignores the fact that for most USF recipients a substantial amount of their total costs must be recovered from

---

[41] MCI at p. 3.

[42] Id.

[43] See NECA's Reply filed June 11, 1992 regarding Tariff F.C.C. No. 5, Transmittal No. 495 and Reply filed December 12, 1991 regarding Tariff F.C.C. No. 5, Transmittal No. 475. See also 1992 Annual Access Tariff Filings, National Exchange Carrier Association, Universal Service Fund and Lifeline Assistance Rates, Order, CC Docket No. 92-141, Transmittal No. 495, 7 FCC Rcd 4731 (1992) at ¶¶ 67 - 69 and Annual 1991 Access Tariff Filings, National Exchange Carrier Association, Universal Service Fund and Lifeline Assistance Rates, Order, Transmittal No. 452, 6 FCC Rcd 3792 (1991) at ¶¶ 131 - 133.

intrastate ratepayers regardless of the availability of USF funds.[44]

The concept of "capping USF" has also previously been explored and abandoned. In a 1984 Recommended Decision and Order the Joint Board found that a capping approach was undesirable because it would reduce the amount of assistance over time due to inflation.[45] NECA believes MCI's assertions regarding the Universal Service Fund are incorrect as well as obviously beyond the scope of this proceeding. USF tariff filings provide, as demonstrated in the past, an opportunity for justification of the USF rates. Any review of the USF program would have to be done through a Joint Board process. For these reasons, the Commission should ignore MCI's comments.

---

[44] For example, a study area with a cost per loop of $400 (approximately the average cost per loop for USF-receiver study areas under 200,000 loops) relative to the nationwide average cost per loop of $230, would have to recover more than half (52%) of its total cost per loop from the state jurisdiction while only 23 percent would be recovered from the interstate USF. See NECA's June 11, 1992 Reply at pp. 6-7.

[45] See MTS and WATS Market Structure, CC Docket Nos. 78-72 and 80-286, Recommended Decision and Order, CC 1001 (released November 23, 1984) at p. 34, ¶ 58.

VI. CONCLUSION

The Commission should adopt NECA's recommendations contained in its Comments and herein concerning regulatory reform for traditional rate of return carriers. Commenters have only demonstrated support for NECA's proposals. AT&T has not provided any rationale for restricting the right of rate of return exchange carriers to make annual access tariff filings based on prospective revenue requirements and demand projections. MCI's comments about USF are without merit and should be disregarded as irrelevant to this proceeding.

Respectfully submitted,

NATIONAL EXCHANGE CARRIER
ASSOCIATION, INC.

By Joanne Salvatore Bochis
Joanne Salvatore Bochis
Its Attorney

Anita Hall-Kane
Manager - Regulatory

September 28, 1992

Appendix A

Commenting Parties on August 28, 1992, in addition to NECA, regarding the Commission's Notice in CC Docket No. 92-135:

ALLTEL Service Corporation (ALLTEL)

American Telephone and Telegraph Company (AT&T)

Central Telephone Company (Centel)

Cincinnati Bell Telephone Company (CBT)

Concord Telephone Company

GVNW, Inc./Management (GVNW)

Independent Telephone Access Group (ITAG)

Lincoln Telephone and Telegraph Company (Lincoln)

MCI Telecommunications Corporation (MCI)

National Association of Regulatory Utility Commissioners (NARUC)

National Telephone Cooperative Association (NTCA)

Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO)

PTI Communications (PTIC)

Puerto Rico Telephone Company (PRTC)

Ronan Telephone Company (Ronan)

John Staurulakis, Inc. (JSI)

Taconic Telephone Corp.

Tallon, Cheeseman and Associates, Inc. (TCA)

United States Small Business Administration, Office of Advocacy (SBA)

United States Telephone Association (USTA)

No. 92-135

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Replies were served this 28th day of September, 1992, by mailing copies thereof by United States Mail, first class postage prepaid, to the persons listed.

By Susan Boylan
Susan Boylan

The following parties were served:

Lorinda Ackley
President
Taconic Telephone Corporation
Taconic Place
Chatham, NY 12037

Paul Berman
Covington & Burling
1201 Pennsylvania Avenue N.W.
Washington, DC 20044
Attorney for Puerto Rico Telephone Company

Thomas J. Moorman
General Counsel
Regulatory And Industry Affairs
John Staurulakis, Inc.
6315 Seabrook Road
Seabrook, MD 20706

Jay Preston
President
Ronan Telephone Company
312 Main Street S.W.
Ronan, MT 59864

Francine J. Berry, Esq.
American Telephone & Telegraph Company
295 North Maple Avenue
Room 3244J1
Basking Ridge, NJ 07920

Gregory J. Darnell
Manager, Regulatory Analysis
MCI Telecommunications Corporation
1801 Pennsylvania Avenue N.W.
Washington, DC 20006

Arne L. Haynes
President
Mashell Telephone Company, Inc.
104 Washington Avenue No.
Eatonville, WA 98328
Chairman for Independent Telephone Access Group

Carolyn C. Hill, Esq.
Alltel Service Corporation
1710 Rhode Island Ave N. W.
Suite 1000
Washington, DC 20036

Thomas P. Kerester
Chief Counsel
Office of Advocacy
United States Small Business Administration
409 3rd Street S. W.
Washington, DC 20416

Paul Rodgers
General Counsel
National Association of Regulatory Utility Commissioners
1102 ICC Building
P. O. Box 684
Washington, DC 20044

Calvin K. Simshaw, Esq.
PTI Communications
805 Broadway
P. O. Box 9901
Vancouver, WA 98668-8701

Carol F. Sulkes
Vice President - Regulatory Policy
Central Telephone Company
8745 Higgins Road
Chicago, IL 60631

Martin I. McCue
Vice President and General Counsel
United States Telephone Association
900 19th Street N. W.
Suite 800
Washington, DC 20006

Robert A. Mazer
Nixon, Hargrave, Devans & Doyle
One Thomas Circle N. W.
Suite 800
Washington, DC 20005
Attorney for Lincoln Telephone & Telegraph

James U. Troup
Arter & Hadden
1801 K Street N. W.
Suite 400K
Washington, DC 20006-1301
Attorney for Independent Local Exchange Carriers

Steven E. Watkins
Senior Industry Specialist
National Telephone Cooperative Association
2626 Pennsylvania Ave N. W.
Washington, DC 20037